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Why the Court's Decision on Virtual DVRs Matters to Marketers

For Starters, Expect More Time-Shifted TV Content

Posted by Josh Bernoff on [07.01.09](#) @ 11:20 AM



The U.S. Supreme Court [decided](#) on Monday to let stand a ruling that Cablevision can go forward with its virtual DVR product.

Let me explain what this is and what it means for marketers.

Cablevision's service works just like a DVR but uses storage on the company's VOD servers instead of a hard drive in your home. So when you ask to record "Hung" on HBO, the company makes a recording on its servers; it needs only one recording to serve all the people with the same request. Works just like a DVR otherwise.

When [Cablevision told me](#) about this product in 2006 (in advance of the general announcement) I told them, "You will get sued." They knew that, of course. And it has taken three years to get the legal issue resolved, which is fast as these things go.

Here's why this product is more than just a DVR with no disk.

1. They don't have to put limits on disk space. Since everyone is sharing the same recordings, there's no reason to limit you to 100 or 1,000 hours of recorded content, in high definition. No limits.
2. Retroactive recording. No more "Damn, I wish I'd thought of recording that." They could, in theory, allow you to ask to record something that's already passed. Or when you find out about a program on episode four, why not ask to see the previous three episodes.
3. Un-delete. Assume deleted programs hang around for 12 months. When you ask to delete something, they just take it off your recorded programs list. If you want it back later, just ask to see it again.

None of these features have been announced, and some might be subject to further suits. But it's possible that, within two years, all of these features will be available to all digital customers, not just on Cablevision but on Comcast, Time Warner Cable, Cox, and the TV services of AT&T and Verizon. Why? Because they can do this, and DirecTV and Dish Network can't. And differentiation from satellite is a big problem for cable operators.

If you're an advertiser, this means a whole lot more customers are about to get DVR service. Not one at a time when they upgrade, but en masse, system by system. If cable is smart, they will give everybody a free level of this service, as a taste, and then encourage them to upgrade (the "Freemium" model).

Commercials will become optional for many more people and on nearly every program.

If you advertise on TV, this could be a problem.

It's all part of the transition to video available on any device, anytime -- [Omnivideo](#), you might say.

I'd also say it's time to figure out how to make your commercials more engaging and interactive, on those same digital TV systems. Can you [Canoe](#)? Better learn how soon.

~ ~ ~
Josh Bernoff is the co-author of "Groundswell: Winning in a World Transformed by Social Technologies," a comprehensive analysis of corporate strategy for dealing with social technologies such as blogs, social networks and wikis, and is a VP-principal analyst at Forrester Research. He blogs at [blogs.forrester.com/groundswell](#).

4 Comments

By Deven | San Antonio, TX [July 1, 2009 12:37:02 pm](#):

Advertisers need to step up their games and leverage that same networked DVR technology that consumers find so appealing. Work with the Cablevisions, Verizons and AT&Ts of the world to develop smarter and more relevant ad targeting capabilities and be happy you may no longer have to put up with the guesswork of today's mass media buying processes.

Deven Nongbri
<http://twitter.com/dnongbri>
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By dholt777 | Phoenix, AZ [July 1, 2009 04:25:48 pm](#):

Interesting article. I would say that, advertisers need to learn how to use the Internet. Putting regular TV type commercials online shows many have no idea how to use the power of the Internet. Learning how to utilize technology and market effectively to your audience is the key.

I could not agree more, with cable companies using the rule of reciprocity to roll out this new technology. I think technology will kill off the old school, antiquated thinking, of many of today's dinosaurs. People like myself, that hate TV and love the Internet, will develop the creativity and innovation to keep advertising going and make it successful. It all comes down to how well you think out of the box. Great article.

Dave Holt
<http://HoltInteractive.com>
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By Rodney33 | FRISCO, TX [July 1, 2009 10:39:56 pm](#):

Four Giant Leaps to Ubiquitous TV Viewing

- 1) The ruling that enables a centralized DVR system for cable providers is a giant leap toward "ubiquitous viewing."
- 2) TV everywhere, allowing viewers the opportunity to use a password to access cable over the internet is an even bigger second leap and prototypes and tests are in the works for this fall.
- 3) Smart phones, which will soon surpass computers as the number one way US consumers access the web, as cell phones outnumber computers 3 to 1 and smart phone penetration is in the double digits and accelerating, is the third.
- 4) Unleashing the 700Mhz spectrum, vacated by TV's migration to digital, or another higher speed, broad reach frequency that's always on and available virtually everywhere is the fourth.

Once we clear those four hurdles which are all ready in progress, it's going to be difficult for cable to survive. That's because entertainment companies will be able to directly reach and generate revenue from every viewer of their content.

When content is everywhere, always on, when the viewer wants it, advertising will migrate to location-based messaging that is intuitive and user-smart. Products like Clickable that already exist, will allow viewers to click on items they see in the video, without disrupting, for further information and links to purchase. That technology married with another existing platform like Deal Chime, that delivers digital coupons and messages to any device, will become a dominate and measurable advertising medium.

If Cable sits out the opportunity to own a leadership role in this new format of advertising, there won't be room for them at the table down the road. That's because the viewer and the entertainment companies will be enabled and have a financial incentive to circumvent cable operators.

Rodney Mason, CMO
Moosylvania
The Great State Of Design
www.moosylvania.com

www.twitter.com/rodmoose

www.twitter.com/moosylvania
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By mgchildr | Athens, GA [July 2, 2009 09:35:08 am](#):

I agree with Dave. Personal recommendations are the most persuasive form of advertising, so what better way to advertise than to provide outlets for consumers to share their experiences with a product? In theory, buyers will become advocates of the brand and use the same outlets (i.e. social media and word-of-mouth advertising) to reach their social network.

Check out this insightful video explaining the process and why it works: <http://bit.ly/szWQU>

So, not to worry. Though TV advertising may have been in decline for some years now, there are plenty of other (more impactful!) ways to get the word out there about your product.

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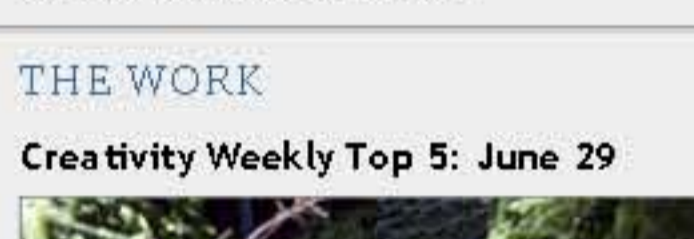
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